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August 3, 2011

VIA ELECTRONIC FILING

Jocelyn Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Carolina Water Service, Inc. for adjustment of Rates and
Charges and Modification of Certain Terms and Conditions for the Provision
of Water and Sewer Service
DOCKET NO.: 2011-47-WS

Dear Ms. Boyd:

Enclosed please find the prefiled **Direct Testimony of Karen Sasic and Lisa Sparrow** filed on behalf of Carolina Water Service, Inc. in the above referenced docket. By copy of this letter, I am serving all parties of record.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/mlw

Enclosures

cc: Parties of Record w/enc.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2011-47-WS

IN RE: Application of Carolina Water Service,)	DIRECT TESTIMONY
Incorporated for Approval of an Increase)	
In its Rates for Water and Sewer Services)	OF
Provided to All of Its Service Areas in)	
South Carolina)	KAREN SASIC
_____)	

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 **A.**My name is Karen Sasic and my business address is 200 Weathersfield Avenue,
3 Altamonte Springs, Florida, 32714-4027.

4 **Q. WHAT IS YOUR CURRENT POSITION OF EMPLOYMENT?**

5 **A.**I am the Director of Customer Care for Utilities, Inc., with oversight
6 responsibility for customer service and billing within the 15 states we serve, which
7 includes Carolina Water Service, Inc.

8 **Q. HOW LONG HAVE YOU BEEN EMPLOYED BY UTILITIES, INC.?**

9 **A.**Fifteen years.

10 **Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND?**

11 **A.**I hold an Associate's degree in Business Administration from Miami-Dade
12 Community College with continued coursework in business from Florida International
13 University. I began working with the company in 1995 as a Customer Service
14 Representative. In 1998, I moved into the operations department as an Administrative
15 Assistant. In 2001, I was promoted to Executive Assistant to the Vice President of

1 Operations in our Florida office. In 2003, I was promoted to Regional Office Manager in
2 our Florida office, overseeing the Customer Service for Florida Operations. In 2008, I
3 took over management of the company's customer service functions for Louisiana. In
4 November 2009, I was promoted to the position of Manager of Customer Service for the
5 entire company. In January 2011, I was promoted to Director of Customer Care over
6 customer service in our 3 call centers located in Altamonte Springs, Florida, Charlotte,
7 North Carolina and Pahrump, Nevada as well as our Billing Department located in
8 Northbrook, Illinois. In addition, I have served on the National Association of Water
9 Companies Customer Service Committee since March 2008.

10 **Q. WHAT DOES YOUR CURRENT POSITION ENTAIL?**

11 **A.** As Director of Customer Care, I am responsible for the oversight of our three call
12 centers that support customers in the various states where Utilities, Inc. subsidiaries
13 operate, ensuring that our customer service personnel provide the best possible customer
14 service and respond to customer inquiries in timely and polite manner. In addition, I am
15 responsible for the oversight of our Billing Department and work to ensure customers
16 receive timely and accurate bills.

17 **Q. WHAT EXPERIENCE DO YOU HAVE IN TESTIFYING BEFORE STATE**
18 **UTILITY COMMISSIONS?**

19 **A.** I have testified before this Commission in a rate relief proceeding involving
20 another subsidiary of Utilities, Inc. as well as rate relief proceedings in Indiana and
21 Kentucky. In addition, I have provided supporting data for staff testifying in rate relief
22 proceedings in Arizona, Florida, Illinois, Louisiana, Nevada and North Carolina.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING,**
2 **MS. SASIC?**

3 **A.** The purpose of my testimony is to describe Carolina Water's customer service
4 and billing and to explain to the Commission the improvements we have made to our
5 customer service and billing.

6 **Q. PLEASE DESCRIBE THE CUSTOMER SERVICE ORGANIZATION AT**
7 **CAROLINA WATER AND UTILITIES, INC.**

8 **A.** At Utilities, Inc. we are committed to providing the best possible service to all
9 customers. In the management audit conducted by Schumaker and Company in April
10 2007, recommendations were made to improve operational efficiencies through a systems
11 overhaul of the financial, customer care and billing processes. In addition, the report
12 made recommendations to consolidate our call centers, upgrade our telephone system to
13 ensure geographic redundancy and to put specific customer focused metrics in place.

14 In May 2009, the company began a thorough review of our customer service
15 processes, organization, structure and office locations through a committee formed to
16 determine opportunities for improvement and to implement those opportunities through
17 reorganization. The committee made a recommendation to consolidate our customer
18 service centers into three call centers as a means of streamlining our processes and
19 adopting the efficiencies achieved in our highest performing locations.

20 In February 2010, the company consolidated its call centers into three locations:
21 Altamonte Springs, Florida, Charlotte, North Carolina and Pahrump, Nevada. The
22 company invested in a state of the art VOIP (voice over IP) telephone system that permits
23 our customer service staff to serve customers in all 15 states from any of the three

1 centers. This technology allows redundancy in our centers should a location go down
2 due to an unplanned event such an extraordinary storm event or natural disaster.
3 Customer service representatives within these locations are trained to handle a wide
4 variety of customer needs. Customer Care Managers provide continual training through
5 staff meetings that focus on new policies and procedures, reinforcement of existing
6 policies and procedures and coaching on proper phone etiquette to meet the company
7 expectations of providing quality service to all customers. In addition, customer service
8 representatives receive training in billing exceptions, state regulations and quality
9 monitoring evaluations. Billing, service quality, service scheduling and emergency
10 dispatch issues are all handled through this department. Once a call is received, our
11 customer service representatives can communicate directly with field personnel through
12 the use of Nextel Direct Connect, cell phones and email.

13 **Q. ARE CAROLINA WATER'S CUSTOMER SERVICES REPRESENTATIVES**
14 **EQUIPPED TO RESPOND TO SPECIFIC INQUIRIES OR COMPLAINTS**
15 **FROM YOUR SOUTH CAROLINA CUSTOMERS? IF SO, WHAT RESOURCES**
16 **ARE AVAILABLE TO YOUR CUSTOMER SERVICE REPRESENTATIVES TO**
17 **RESPOND PROMPTLY TO CALLS FROM YOUR SOUTH CAROLINA**
18 **CUSTOMERS?**

19 **A.** Yes. All Customer Service Representatives use the Oracle Customer Care and
20 Billing system on a daily basis to look up customer accounts to answer billing questions.
21 On the home screen, the customer care and billing system displays customer information,
22 premise address, meter information, service type, account financial history and premise

1 field activity history to assist customer service representatives with customer inquiries in
2 a quick and efficient manner.

3 The Oracle Customer Care and Billing system is a web based software program
4 with numerous links that allow a customer service representative to drill deeper into
5 specific information about specific bills, meter reads, field activities, collection and
6 severance processes that are displayed at a high level on the home screen. A customer
7 service representative can review current and past customer contacts allowing them to
8 answer customer questions that may have arisen previously.

9 In addition to customer service representatives accessing the customer care and
10 billing system, our field personnel also utilize the customer care and billing system to
11 retrieve and complete field activities in a live environment so that customer service
12 representatives have the information available as soon as the order is completed. This
13 allows the customer service representatives to respond more quickly to customer
14 questions about service related issues.

15 **Q. CERTAIN ISSUES AND QUESTIONS HAVE ARISEN RECENTLY**
16 **CONCERNING CAROLINA WATER SERVICE'S BILLING. ARE YOU**
17 **FAMILIAR WITH THESE QUESTIONS?**

18 **A.** Yes.

19 **Q. DESCRIBE CAROLINA WATER'S CUSTOMER CARE AND BILLING**
20 **SYSTEM, PLEASE.**

21 **A.** Utilities, Inc.'s prior billing system was a customized product which was
22 unsupported. Because, the software's original vendor no longer supported the billing
23 system, the company was left exposed if a critical error occurred. The old system also

1 had several weaknesses. Customer and premise (service address) information were
2 linked in one account. As residents moved, the service order history at the premise was
3 purged and prior service activities eventually became unavailable for viewing by
4 customer service representatives. This resulted in the loss of valuable information. In
5 addition, field personnel were sent daily service orders through either email or fax, but
6 did not have access to the legacy billing system. Upon completion of the service orders,
7 the information was emailed or faxed back to the billing office for closure of the orders.
8 The process was manually intensive and led to untimely responses due to incomplete fax
9 transmissions. Additionally, as residents moved from one premise to another, they were
10 issued a new account number. There was no efficient means of tracking a customer and
11 transferring payment information, service history, and billed services from one account to
12 another.

13 The new customer care and billing system offers the ability to focus on either a
14 customer or a premise. Field activity information at a premise is stored in the records
15 indefinitely, allowing field personnel to retain prior history of past service issues at a
16 residence. This allows them to act in a cost effective manner when considering repair or
17 replacement of equipment or lines at a premise. In addition, the customer care and
18 billing system automates field activities to the field. A background batch process makes
19 key decisions about assignments and timing of field activities that are generated by
20 customer service representatives and by the system. For example, field activities created
21 by customer service representatives throughout the day are dispatched by the system
22 every two hours. There is also an option available in the customer care and billing

1 system to the customer service representatives to dispatch field activities to the local
2 operator immediately for emergency quality issues.

3 In addition to the field activities created by the customer service representatives,
4 the background batch process is also designed to automatically dispatch field activities to
5 the field operators at the close of the business day. The field activity will display in the
6 work queue the next business day for follow up by field personnel.

7 The customer care and billing system also automates the uploading and
8 downloading to meter reading hand-held devices. The meter read upload file allows the
9 meter readers the ability to enter comments entered into a meter reading hand held device
10 and report issues such as a broken meter lid or a stuck water meter. In turn, their
11 comments will generate a field activity that is issued by the system in the nightly batch
12 job. The system allows the field operators to complete field activities directly into the
13 customer care and billing system so that customer service representatives have the
14 information available to them as soon as the order is completed.

15 These interactive features of the customer care and billing system have greatly
16 improved Carolina Water's ability to respond to customer service issues in a timely
17 fashion.

18 **Q. DID SOME BILLING PROBLEMS ARISE WHEN THE CUSTOMER CARE**
19 **AND BILLING WENT LIVE IN 2008?**

20 **A.** Yes. Some customers experienced a delayed first bill cycle which then shortened
21 the timeframe for their next bill. In some cases, customers were billed for two months of
22 service on one bill. The system generated numerous billing exceptions with the first bill
23 cycles because there was not adequate history for the system to make key decisions

1 about. A billing exception is generated by the system when a bill cannot be produced for
2 reasons such as the absence of a meter reading or exceptionally high water consumption
3 above the average usage for the premise. With the implementation of the customer care
4 and billing system, almost all accounts appeared to have high consumption since there
5 was no historical usage for the system to review. All billing exceptions had to be
6 completed before bills could be issued. This resulted in the delay of bill issuance in some
7 of our billing cycles.

8 The initial system conversion also caused a number of bills to be estimated and, in
9 most cases, underestimated. The estimation occurred due to the absence of meter reads.
10 There were instances in which the conversion of some meter routes resulted in bad read
11 files in the hand held devices. This resulted in the meter readers being unable to read in
12 time for billing. In addition, there were some problems with the interface that uploads
13 the reads from the hand held devices to the customer care and billing system on some
14 computers. This resulted in a loss of reads when the files were uploaded and in turn
15 caused estimates. Similar to the high consumption billing exceptions, the billing system
16 initially could not adequately estimate the accounts that were missing meter reads. The
17 customer care and billing system has been configured with an estimation process that first
18 looks at the usage from the same time period last year in order to bill similar usage to the
19 account when a meter read is not available. If the usage is not available, the system
20 calculates an estimated read based on the last three months of usage. Last, if three
21 months of usage is not available, the system will calculate an estimated read based off of
22 similar customers within the same subdivision and service type. Because there was not
23 adequate consumption history at the implementation of the system for any of the three

1 estimation processes, the bills that did not have a meter read were underestimated. In
2 turn, customers whose bills were initially underestimated received higher subsequent bills
3 due to the true up of usage not billed the previous month.

4 We also experienced some problems with the mailing and delivery of our bills.
5 Some customer bills were delayed or not received as a result of the postal bar code that
6 was initially used with the new bill format. The bar code presented sorting issues at the
7 postal centers. The bar code was removed when this problem was discovered and no
8 other occurrences of delayed or missing bills as the result of the faulty bar code have
9 occurred since.

10 We have also experienced problems with a third party vendor with whom we had
11 contracted for the presorting of our bills before delivery to the Post Office. During the
12 first quarter 2009, we identified a problem with mail delivery delays of bills mailed from
13 the Northbrook office. We thoroughly researched the possible causes and were able to
14 determine that the mail preparation process within our office was not a factor since the
15 initial bar code problem was fixed. At that time, our customer bills were processed and
16 left our office the same day they were produced by the Billing Department. Once out of
17 our hands, however, the bills were processed by a third-party presorting facility before
18 being delivered through the Postal Service. It was this presorting step that we believed to
19 be the cause of the delays during the first quarter of 2009. As such, we negotiated a
20 contract with another presorting mail service which serviced our mail effective on March
21 5, 2009 through December 2010.

22 Most recently, in January 2011, the company outsourced both the bill print and
23 mailing services to a new vendor, Infosend, to improve mail delivery of bills and notices

1 to our customers. Infosend allows the company to access a secure site to upload bill and
2 notice files, review and approve jobs after postal bar coding is added, and track all jobs
3 electronically through printing and mailing. With Infosend, our previous mailing
4 problems have been resolved and we are not experiencing significant problems with bill
5 delivery.

6 **Q. WHAT STEPS HAS CAROLINA WATER TAKEN TO IMPROVE ITS**
7 **CUSTOMER SERVICE AND BILLING?**

8 **A.** In addition to implementing our customer care and billing system, the company
9 has identified that the recent issues that have occurred with the South Carolina purchased
10 service accounts have been related to a breakdown in the internal billing processes
11 pertaining to the proper billing of distribution only water service and the failure of certain
12 personnel to properly manage this process. As a result, we have made certain personnel
13 changes, consolidated our customer service operations with direct reporting to the Officer
14 level of the company to ensure all of our billing and customer service processes are
15 aligned and that responsible personnel adhere to the procedure.

16 **Q. DOES THE TIMING OF CAROLINA WATER SERVICES' INVOICES FROM**
17 **ITS BULK PROVIDER COMPLICATE THE BILLING PROCESS?**

18 **A.** Yes. The major cause of the customer issues in South Carolina is billing for
19 purchased water and/or wastewater services. Carolina Water purchases water for its
20 distribution systems from the Town of Lexington, Lexington county Joint Water & Sewer
21 Commission, the City of West Columbia and York County. Purchased water customers
22 represent 24% of Carolina Water Services' customer base, and 1.6% of the total customer
23 base of Utilities, Inc. Delays in receiving bulk provider invoices result in some of the

1 delays in our own billing. While the customer care and billing system is working
2 properly, there are unique billing issues associated with purchased services that need
3 special attention and manual intervention to calculate and input the variable rates each
4 month at time of billing. Before the water supply charge can be calculated, the bulk
5 provider invoice must be received. Once received in our Billing Department,
6 consumption files are generated on the individual subdivisions that correspond with the
7 bulk provider invoice. The total invoice amount is divided by the final consumption
8 value in order to calculate the water supply charge that will be billed to customers. This
9 rate is then entered into the customer care and billing system and bills are then produced
10 in the nightly batch process. This manual process must be completed for each
11 subdivision and corresponding bulk water supply invoice. This manual intervention is
12 what compounded those delays and resulted in billing errors. Consequently, during the
13 test year, the company and ORS experienced a surge in customer complaints as a result of
14 delayed bills, catch up billing, improper bill format and non-receipt of bills.

15 **Q. PLEASE ELABORATE ON THE BILLING PROCESS BY BULK WATER AND**
16 **SEWER PROVIDERS.**

17 **A.** As noted above, nearly one-fourth of our customers receive service from Carolina
18 Water through purchased service, variable rate, systems. The bulk provider's invoice is
19 necessary to calculate the rate before we can issue a bill to the customers. Once the bulk
20 provider's invoice is received, the process to calculate the rates takes approximately 2
21 weeks from receipt of the invoice to bill issuance. In our current process, the purchased
22 service systems typically bill 30 days in arrears due to the timing of receipt of the bulk
23 provider invoices.

1 Carolina Water acknowledges that our billings had fallen further behind than the
2 historical 30 days in purchased service systems during the test year, and has taken steps
3 to address the problem. In South Carolina Public Service Commission Order No. 2010-
4 111, dated February 4, 2010, the Company, with ORS approval, proposed to “issue two
5 bills in one month so that on a going-forward basis, bills would be issued for the
6 immediately preceding consumption period”. In the referenced order, the Commission
7 adopted “this plan for issuance of the catch-up bills, since this procedure will help
8 remedy the problems created by delayed billing.” In March 2010, the company issued
9 the one-time “catch-up” bills to customers in purchased service systems; however, this
10 resulted in increased complaints as a result of two months of service issued on one bill.
11 In addition, the window between the service period end date and the bill issuance in the
12 purchased service systems were still behind the historical 30 days even after the “catch-
13 up” bills were issued. Through the creation of the purchased bill schedule I will describe,
14 bills are now being issued in a timely manner considering the current process.

15 **Q. WHAT OTHER IMPROVEMENTS HAS CAROLINA WATER IMPLEMENTED**
16 **TO ITS BILLING PROCESS?**

17 **A.** As a result of the billing issues that occurred with our purchased service systems,
18 the company implemented changes by adding additional steps to the billing process flows
19 to ensure these issues do not occur in the future. These additional steps include a review
20 of all calculations before input into the customer care and billing system as well as testing
21 of the rates after input into the billing system and before bills are processed. The review
22 is conducted by different personnel within the billing department to ensure any errors are
23 caught by the reviewer. In addition, the Company created a Purchased Service Bill

1 Schedule to bring service periods in line with bulk provider invoices. Prior to this
2 schedule being created, the purchased service billing cycles were tracked manually and
3 not by the customer care and billing system. Input of the purchased service bill schedule
4 into the billing system ensures key read and billing dates are triggered by the system and
5 schedules are adhered to. The schedules outline the billing dates using the current
6 process of waiting for the bulk provider invoice. Currently, there is an approximate 4
7 week delay from the service period end date to the bill issuance date. This delay is a
8 result of waiting for the bulk provider and the manual process necessary to calculate and
9 input the variable supply rate.

10 **Q. ARE YOU AWARE THAT QUESTIONS HAVE BEEN RAISED**
11 **CONCERNING CAROLINA WATER'S PRORATING ITS AUTHORIZED BASE**
12 **FACILITY CHARGE?**

13 **A.** Yes. Carolina Water's billing is designed to issue bills on a 30-day cycle. The
14 system is designed to pro-rate bills for customers that are not at a premise for the full 30-
15 day billing cycle. Unfortunately, the system will also pro-rate if the bill is for a period
16 greater than a 30-day cycle. Since normal meter reads vary by several days from month
17 to month due to weekends or holidays, the ability to obtain a meter read exactly 30 days
18 apart is sometimes difficult to do. As such, the system was been configured to not pro-
19 rate the base facility charge if the service period was within 25-35 days of the last read
20 taken. Meter reads taken outside of this window resulted in proration of the base facility
21 charges. However, a final prorated billing for a customer outside the billing window
22 would be appropriate.

1 The billing proration window also caused a problem when the “catch-up bills”
2 were issued to customers in purchased service systems during the month of March 2010.
3 Bills were issued to customers, with advanced notice, advising them of the upcoming 2-
4 month bill. The bill tables were updated by personnel, as a one-time event, to bill two
5 service periods on the March 2010 bills. However, the billing system pro-rated the
6 charge at a daily rate because the service period was outside of the 25-35 day pro-ration
7 window. The number of days in the service period for the 2-month catch up bill varied
8 by customer but was approximately 58-63 days. Customers should have received the
9 approved base facility charge times two months. Instead, a customer that was billed for
10 63 days of service received two base facility charges plus an additional 3 days prorated.
11 To correct this issue, the company issued credit adjustments in accordance with 26 S.C.
12 Code Ann. Regs. 103-733.2 (a) to all affected customers for the March 2010 over-billing.
13 The customers saw a line item adjustment, entitled “Base Charge Adjustment for Pro-
14 Rated Bill” on their following bill. The company issued credit adjustments to 1,622
15 customers, all of whom are served by purchased service systems.

16 Upon discovery of the pro-ration that occurred on the March 2010 billing, the
17 company also identified that customers were issued a pro-rated bill during 2008 and/or
18 2009. The bill dates in which the pro-ration occurred varied by bill cycle and by
19 customer in 2008 and 2009. The company has issued credit adjustments to 2,886
20 customers for pro-ration that occurred on any bills issued in 2008 and 1,226 customers
21 for pro-ration that occurred on any bills issued in 2009. All of those customers are served
22 by purchased service systems.

1 To ensure this does not occur in the future, the company has put process controls
2 in place to verify the bill schedule is adhered to and reduce the occurrence of bills being
3 issued outside of the bill cycle window. The purchased service bill schedule identifies
4 the bill dates and service periods that will be adhered to by Carolina Water Service to
5 bring the service periods in line with the bill dates. The meter readers have received
6 additional training to ensure they are adhering to meter read schedules. The billing
7 department also reviews the meter read upload files before billing to ensure meter reads
8 are taken within the appropriate timeframe and that proration will not occur. In addition,
9 the pro-ration window was extended to 25-40 days before proration will occur.

10 **Q. ARE YOU AWARE OF COMPLAINTS THAT SOME OF CAROLINA WATER'S**
11 **CUSTOMERS WERE CUT OFF FOR NON-PAYMENT EVEN THOUGH THE**
12 **CUSTOMERS IN QUESTION COMPLAINED THEY DID NOT RECEIVE A**
13 **BILL?**

14 **A.** Utilities, Inc. received complaints from customers in the Lake Murray/Watergate
15 area that they did not receive their January 2010 bill and/or February disconnection
16 notice which resulted in service termination in mid-March. The company did not receive
17 returned mail to indicate the bills and notices were not received by the customers. The
18 company is unable to identify whether this was a mail delivery issue; however, our
19 reports indicate 243 bills were issued and mailed in January 2010. On February 23, 2010,
20 155 collection letters were issued to customers for the past due balance remaining from
21 the January 28, 2010 bill. Of the 155 past due accounts, 111 customers made a payment
22 or contacted Customer Service to make payment arrangements on the balance owed prior
23 to the scheduled disconnection date in March. The remaining 44 accounts moved to

1 active severance and field activities were generated to disconnect service. Of the
2 premises scheduled for disconnection, 13 field activities were cancelled by the customer
3 making payment before service was disconnected. The remaining 31 premises were
4 disconnected for non-payment. All customers who were disconnected for non-payment
5 were issued a bill and collection letter prior to disconnect in accordance with 26 S.C.
6 Code Ann. Regs. 103-735.1.

7 Due to multiple customers expressing concerns of not receiving their January
8 invoice and/or collection letters, the company put a stop to all severance activities in the
9 Lake Murray/Watergate area until the problem could be researched and identified. In
10 addition, a Voice Reach message was sent to customers on April 9, 2010 advising
11 severance activities had been suspended in this area and all late payment charges and
12 reconnect charges incurred in Jan., Feb., and March 2010 would be waived. As of April
13 12, 2010, all late payment charges and reconnect charges were waived in the Lake
14 Murray/Watergate service areas.

15 Additionally, the company temporarily suspended all severance activities in South
16 Carolina as of April 14, 2010 until we could take the appropriate action (described
17 below) to address the billing concerns expressed by customers. Severance activities
18 resumed during the 4th quarter of 2010 in all South Carolina companies.

19 **Q. PLEASE SUMMARIZE THE STEPS CAROLINA WATER HAS TAKEN ANY**
20 **STEPS TO CORRECT BILLING CONCERNS WHICH YOU HAVE**
21 **DESCRIBED TODAY?**

22 **A.** Carolina Water Service prepared a corrective action plan to ensure compliance
23 with all Commission regulations, in particular those raised in the ORS petition for a Rule

1 to Show Cause [26 S.C. Code Ann. Regs. 103-732, 103-732.2, 103-732.3, 103-703, 103-
2 735 and 103-735.1] In summary, Carolina Water Service has taken action on the
3 following items:

- 4 ▪ Reviewed and developed additional controls in the Billing Process Flows
5 to ensure timely, accurate bills. (COMPLETED April 21, 2010)
- 6 ▪ Established Key Performance Indicators (KPI's) for the billing and
7 customer service operations in order to objectively measure the
8 performance of those operations and to bring more accountability to the
9 process. (COMPLETED April 1, 2010)
- 10 ▪ Developed a Purchased Service Billing Schedule to ensure adherence to
11 future bill dates. (COMPLETED April 20, 2010)
- 12 ▪ Waived all late payment charges and reconnection charges in the Lake
13 Murray and Harborside areas for the months of January, February and
14 March 2010. (COMPLETED April 12, 2010).
- 15 ▪ Temporarily suspended all severance activities in South Carolina until the
16 billing issues could be identified and corrective action taken to ensure
17 timely, accurate bills. (COMPLETED April 14, 2010).
- 18 ▪ Applied credit adjustments on all accounts affected by pro-ration in 2008,
19 2009 and 2010. (COMPLETED April 23, 2010).

20 — 2008 adjustments — 2,886 customers affected totaling
21 \$24,955.99 credited

22 — 2009 adjustments — 1,226 customers affected totaling
23 \$22,143.36 credited

1 — 2010 adjustments- 1,622 customers affected totaling
2 \$4,350.12 credited

- 3 ▪ Expanded information contained on the complaint tracking log to ensure
4 timely response to the ORS on customer complaints. (COMPLETED
5 April 13, 2010)

6 **Q. CAN YOU POINT TO ANY EVIDENCE THAT YOUR EFFORTS TO**
7 **CORRECT THE CUSTOMER SERVICE AND BILLING CONCERNS IS**
8 **WORKING?**

9 Yes, since Carolina Water put in place additional billing controls, established
10 KPIs which measure the timeliness and accuracy of its bills, and developed new
11 procedures to timely bill for purchased water, in April of 2010, customer complaints have
12 declined.

13 Carolina Water has developed Key Performance Indicators (KPI's) to measure for
14 the timeliness and accuracy of the billing and customer service operations in order to
15 objectively measure the performance of those operations and to bring more accountability
16 to the process.

The results for the billing and customer service Key Performance Indicators adopted by Carolina Water are indicated below:

Objectives	Measure	2010			2011		
		1Q10 Actual	2Q10 Actual	3Q10 Actual	4Q10 Actual	1Q11 Actual	2Q11 Actual
Timely & Accurate Billing	% of Bills On-Time	66.9%	82.7%	97.5%	98.1%	97.5%	98.1%
	% of Accurate Bills	99.4%	86.3%	98.5%	99.1%	99.0%	98.9%

The KPIs demonstrate that the problems that CWS experienced during the first half of 2010 have been largely corrected. While our goal is 100% timely and accurate bills, we are encouraged by the progress we are making.

Q. ARE YOU FAMILIAR WITH THE RULE TO SHOW CAUSE FILED BY THE OFFICE OF REGULATORY STAFF ON DECEMBER 10, 2010 IN DOCKET NO. 2010-146-WS TO ADDRESS QUESTIONS RAISED ABOUT CAROLINA WATER'S CUSTOMER SERVICE?

A. Yes.

Q. PLEASE DESCRIBE YOUR INVOLVEMENT WITH THE RULE TO SHOW CAUSE.

A. Because I am responsible for customer service for Carolina Water Service, Inc. I have investigated all of the questions raised by the ORS and used my best efforts to answer those questions both to the ORS while the case was pending but also the Commission through pre-filed testimony filed in that docket.

1 **Q. HAS CAROLINA WATER ENTERED A JOINT CORRECTIVE ACTION PLAN**
2 **WITH THE ORS TO ADDRESS THE CUSTOMER SERVICE AND BILLING**
3 **CONCERNS WHICH YOU HAVE DISCUSSED IN YOUR TESTIMONY?**

4 **A.** Yes. The company has entered into a Joint Corrective Action Plan ("Plan") with
5 the ORS in regard to the Rule to Show Cause proceeding that addresses the issues raised
6 in that proceeding except for the pass-through billing for bulk water which may be
7 addressed in this rate proceeding. The plan describes the steps the company has
8 undertaken, or is willing to undertake, to address the failures to adhere to Commission
9 regulations. The company has taken certain steps with respect to its current billing
10 process associated with the pass-through of bulk charges in an effort to reduce the billing
11 delays and associated billing issues as previously described. The ORS has acknowledged
12 a significant reduction in customer complaints from June to December 2010 which they
13 believe is attributable to the changes made. The company has agreed to the attached
14 Performance Metrics that are to be implemented by Carolina Water Service no later than
15 thirty (30) days following the effective date of the Commission's Order approving the
16 Plan. Please see Sasic Exhibit 1.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A. Yes.**

1) Customer Billing (South Carolina)

A) Customer bills are rendered on a monthly basis in accordance with the tariff for the service period immediately proceeding the date the monthly bill is rendered.

B) Identify the bill date for each subdivision.

C) Billing accuracy shall be measured by number of error-driven billing adjustments during quarter divided by the number of bills generated during reporting period. An error-driven billing adjustment is an adjustment to a customer's charges resulting from an error on the original bill actually sent to the customer, regardless of the cause and including all such discoveries made by staff or the customer. Errors include all those under the control of the company. Bills re-issued for estimated bills should not be included as a billing error unless the estimated bill is for more than one billing period or is issued in sequence with another estimated bill.

Measure of Billing Accuracy:

$$\frac{\text{number of error-driven billing adjustments}}{\text{number of bills generated during reporting period}}$$

D) Billing exceptions are resolved within 5 business days to ensure the customer receives the bill in a timely manner.

E) CWS shall provide ORS with a detailed quarterly report which includes the following monthly billing performance metrics:

1. Number of bills rendered
2. Billing accuracy statistics
3. Summary of causes of error-driven billing adjustments
4. Number of billing exceptions resolved including # of days to resolve exception

2) Call Center Operations

A) Identify all call centers designated to handle SC traffic. Provide number of calls received from all customers at each call center¹.

B) Provide address and managerial point of contact information including telephone and e-mail for all call centers designated to handle SC traffic.

C) Provide detailed call routing schematic including call routing scripts used to classify call types and determine destination.

¹ The call center software used by CWS is not configured to track the origination of phone calls. For this reason, CWS is not able to provide statistics regarding how many calls are received by its call center from SC customers.

D) Identify general protocol for handling calls and provide a copy of the training documents used by CWS to train its customer service representatives.

E) At a minimum, the average speed of answer service levels will be as follows:

1. 80% of all calls are answered within 120 seconds of entering the queue.
2. Twelve (12) months from the effective date of the Performance Metrics, 80% of all calls are answered within 90 seconds of entering the queue.
3. Twenty-four (24) months from the effective date of the Performance Metrics, 80% of all calls are answered within 60 seconds of entering the queue.

F) Identify the initial and on-going training requirements for call center employees.

G) Provide a copy of the call center training plan indicating training topics and time frames for when the training is provided and completed.

H) CWS shall provide ORS with a detailed quarterly report which included the following monthly call center performance metrics:

1. Average speed of answer/Service Level
2. Abandon rate
3. Longest wait time in queue - how long the oldest call has been waiting
4. Average wait time
5. Average customer treatment time – how long the customer spoke with a customer service representative

I) CWS shall perform the requirements of the Performance Metrics, unless the performance is prevented or delayed by events that constitute a *force majeure*. A *force majeure*, for purposes of the Performance Metrics, is defined as any event arising from causes not reasonably foreseeable or beyond the control of CWS, or of any person or entity controlled by CWS, which delays or prevents the timely performance of any obligation under the Performance Metrics despite CWS's best efforts to fulfill such obligation. A *force majeure* may include without limitation: extraordinary weather events, natural disasters, strikes and lockouts [by other than CWS employees], national emergencies, wars, and acts of terror. CWS shall be excused from any further performance or observance of the obligations so affected for as long as such circumstances prevail and that CWS shall make reasonable efforts to recommence performance whenever and to whatever extent possible without delay. CWS shall, if affected by a force majeure event, advise ORS in

reasonable detail of the event, including the estimated duration of the event, as promptly as practicable after occurrence of the event, and provide adjusted Performance Metric's that take into account the impact of the event.

3) Customer Complaints

- A) Customer complaints are logged and records are retained by company.
- B) Identify general protocol for handling complaints and provide a copy of the training documents used by CWS to train its customer service representatives.
- C) Notify all customers with an unresolved complaint after 7 days that the company is under the PSC jurisdiction and the customer may notify ORS of the complaint.
- D) Complaint rates should be measured by dividing the number of complaints by the number of active customer accounts.
- E) CWS shall provide ORS with a detailed quarterly report which included the following monthly complaint metrics:
 - 1. Number of complaints received
 - 2. Number of unresolved complaints issued notice per item 3)C) above.
 - 3. Summary of types of complaints
 - 4. Complaint rate
 - 5. Types and number of types of calls received from customers of CWS.

4) Communications

- A) At a minimum, ORS and CWS will meet quarterly to review:
 - 1. Quarterly performance metrics results
 - 2. Review open customer complaints from ORS
 - 3. Other issues as necessary

5) Record Retention and Publication

- A) Data Retention
 - 1. CWS, its parent and penultimate parent, and affiliates are required to retain complete records of the data collected and procedures used to calculate each service quality performance result for a minimum of one year from the date a report is filed with the Commission and ORS. Within this one-year period, CWS or the entity that has possession of the data shall, upon reasonable request by the ORS, provide breakdowns by subdivision of their monthly service quality results for Measures 1 -3 (Customer Billing, Call Center Operations, and Customer Complaints).

B) ORS and the Commission will add the Quarterly report to each respective website at a later date.

6) Reporting and Verification

The quarterly report shall be filed no later than twenty (20) days after the last day of the quarter covered by the report and the person submitting the report shall verify its accuracy under oath. Such verification shall be in the following form:

VERIFICATION UNDER OATH
REGARDING ACCURACY OF SERVICE OBJECTIVES REPORT

I, _____, state and attest that the attached Service Objectives Report is filed on behalf of _____ (Name of Public Utility as certificated) as required by Order No. _____; that I have reviewed said Report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Report has been prepared and presented in accordance with all applicable South Carolina statutes, Commission Rules, and Commission Orders.

Signature of Person Making Verification

Job Title

Date

Subscribed and sworn before me this the _____ day
of _____, 20__.

Notary Public

My Commission Expires: _____